

Effect Of Economy On Performance Of Banking Sector In India

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ABSTRACT

There has been sustained expansion in India's banking sector. The discretionary income of the country's banking sector has grown as a result. International, public, and private banks alike pour a lot of money on expanding their customer bases and market share. As a result, the banking industry's performance affects the whole economy. There have been several stages in the development of India's banking system.

KEYWORD: Indian, economy, world, largest, independent, country.

INTRODUCTION

As a result of its massive economy, India has surpassed all but two countries in terms of independence. The economy will take a hit if the banking system isn't strong. Its relevance to our country is highlighted by Lubke and Muthén (2004). An economy can only expand if its financial system is stable. The banking system's efficacy and efficiency are directly proportional to a country's economic health and budgetary position. Banks serve an essential role in directing indirect physical resources in the correct ways, stimulating capital formation, reducing speculation, and striking a balance between wants and resources. Thus, the banking industry in India is fundamental to the development of the country's monetary system and economy as a whole. The government of independent India immediately set out to implement a strategy of planned economic growth. A five-year plan was first used by governments in 1951. These plans aim to ensure that the means of production are under public control.

The Indian government failed to make several social aims a priority in its long-term plans. However, private commercial banks functioned autonomously throughout that period. As of the years 1950–1951, there were 430 commercial banks. The participating banks cut off any assistance to the government in the pursuit of its goals. Fourteen large commercial banks were nationalised on July 19, 1969. Commercial banks that had deposits over 50 crores of rupees were nationalised by the government. The second phase of nationalisation began in April 1980 when the government assumed control of the banking sector. A lot of credit for the modern world's economy should go to the banking sector. Banks are vital for people to save money and invest in the stock market.

Public sector scheduled banks, the Reserve Bank of India (RBI), and private sector scheduled and non-scheduled banks all fall under this category. Public and private banks coexist in India's banking sector. "Private sector banks" are defined as banks where private individuals or groups control a bigger percentage of shares than the government does.

The present idea of banking is debated with the scholarly definition from the past. The current situation of the banking sector cannot be discussed without first defining and explaining what it is. Financial institutions also provide customers with cash management services, such as daily reports on account and portfolio transactions. In order to attract and keep customers in today's competitive financial market, providing exceptional service is more crucial than ever. "The customer is king" in banking, however, as the old saying goes. Some think that banks may get an edge in customer acquisition, retention, and loyalty by distinguishing themselves via service excellence. Therefore, the bank's customers are the best measure of customer service quality.

The demand for transaction banking services is rising in tandem with the rising disposable income of the growing middle class. The latest government programmes have been able to reach more individuals in less populated areas thanks to online banking that is accessible 24/7 via a number of channels and technology. As part of their "digital transformation agendas," banks have prioritised internet banking. Banks may differentiate themselves from competitors by providing consumers with more comprehensive and personalised interactions

made possible by technological advancements; credit and financial services markets and instruments are also anticipated to expand and change.

There is enough capital and regulation in India's banking sector, according to the Reserve Bank of India. Globally, no nation is in a better financial and economic position than this one. According to studies on liquidity, credit, and market risk, Indian banks are quite strong and should be able to survive the current economic downturn. There have been several changes to the banking scene in India recently, including new payment and small finance bank models. The restructuring of the domestic banking sector will surely be profoundly affected by the new regulations.

Out of the 25 countries studied, India has achieved the most advancement in digital payments, with the Immediate Payment Service (IMPS) alone ranking at level five on the Faster Payments Innovation Index (FPII).

LITERATURE

Ekanayake, Isuri & Pathirana, Jagath. (2023). The people that work for a firm are its greatest asset. The foundation of every thriving company is its competent workforce. A company's performance is directly related to how efficient its personnel is. Having said that, it's no secret that stress in the workplace reduces efficiency. Nobody does it better than the financial business. In times of heightened stress, the whole bank takes a hit. Finding the sweet spot of stress is essential for peak performance. The amount that the worker can manage must not be excessive. The Sri Lankan economy, which had been exhibiting indications of possible growth in prior years, has been confronted with fresh challenges because to the current COVID-19 epidemic. The majority of bank employees faced intense workplace competition during the COVID-19 pandemic. The goal of this research is to find out how much of an impact the COVID-19 pandemic has on employee productivity. This study set out to accomplish three things in the Colombo District of Sri Lanka: (1) determine what caused bankers to feel stressed out on the job during the COVID-19 pandemic; (2) find out how stressed out bank employees were and how it affected their performance on the job; and (3) find out how stressed out bank employees were and how it affected the banking sector in Sri Lanka as a whole. We polled 150 bank employees in Sri Lanka's Colombo District for this study. The subjects of this quantitative research were non-executive staff members of public sector banks. We used SPSS to look at the results of the research. Coefficient and correlation analysis may help you find the relationship between your variables. The effect of stress on output may be investigated using regression analysis. According to the findings, factors that reduce workers' productivity include concerns about becoming sick, feeling lonely at work, having to adapt to a new schedule, and working in an unfamiliar area. Evidence suggested that COVID-19 pandemic worry has reduced productivity among bank employees. Lastly, the paper identifies its limitations and proposes future research directions.

Mehreen, Aqsa & Ali, Zulqurnain. (2022). This study intends to use human capital theory as a framework to investigate the direct and indirect effects of employee development components on succession planning and performance. Will productivity actually increase as a result of succession planning? Using the time-lag approach, this study collected data from bank staff. The proposed model and hypotheses were tested using Mplus. Results from 239 participants demonstrate that banking sector efficiency is enhanced by succession planning. Orientation, training, and development have a positive correlation with employee performance and succession planning. Succession planning is a medium that connects employee development with productivity. Banking administration may utilise the study's findings to encourage a learning culture and offer their employees with the tools they need to succeed. Findings demonstrate that succession planning creates a reservoir of capable individuals, which in turn reduces recruitment costs and gives banks an edge in the market. Automating repetitive tasks might save money for financial firms that are trying to fill open positions. Additionally, managers at financial institutions may provide exceptional customer service and fill unforeseen positions. Companies still have a hard time retaining top talent in today's competitive market. This research contributes both conceptually and empirically to the existing literature on the topic of employee development and its link to performance by examining the relationship between training and development, employee orientation, and performance as part of succession planning, an effective method for retaining talented personnel.

Amponsah-Tawiah, Kwesi & Baafi, Nana Kojo & Mensah, Justice. (2023). This inquiry is centred on an employee's reaction to unprofessional behaviour at work. This cross-sectional study polled 482 clients of several commercial banks in Ghana. Due to recent sector developments and the increasing fear of losing one's job due to the coronavirus epidemic, bank employees in Ghana were selected as a sample. Workers who were available and willing to take part were selected at random and asked to complete out surveys. Findings Employee engagement was negatively affected by rude colleagues, although it was favourably predicted by emotional intelligence (EI). Furthermore, EI served as a medium between disgruntled workers and people who want to participate in their work. Despite these encouraging outcomes, the process that underpinned them remained a mystery. To find out how these effects work, future study may employ qualitative studies or a mixed-method strategy. Future studies may look at how psychological capital and other aspects of personality mitigate the negative effects of rudeness on the job. Since incivility has a significant detrimental effect on employees within the organisation, the government and lawmakers should establish a thorough policy to handle employee mistreatments, especially subtle forms of maltreatment. A national plan on psychosocial risk management

(PRIMA) can be useful as most disruptive behaviours in institutions have psychological roots. Second, companies should consider candidates' emotional intelligence (EI) at all stages of the recruiting process, but especially when making first hires. This research found that when faced with rude behaviour, an individual's EI has a role in their decision to engage or not. Examining EI via the prism of appraisal theory, we sought to understand the role it plays in classifying workplace occurrences as good or poor, intentional or unintentional, and the effects of these categorizations on output.

Met, Dr & Erkoç, Ayfer & İpek, Birtan & Kızıldere, Nefise. (2023). Many companies have launched programmes to increase employee happiness in recent years, since it has become an important objective for businesses. Decisions on which actions to execute to boost employee happiness have been the subject of research into the use of quantitative data. Since there is a positive correlation between happy employees and successful organisations, employee satisfaction is a useful indicator of a company's health and longevity. This research aimed to examine the correlation between high levels of happiness and exceptional performance using Fisher's "happy-super worker" notion from the 1980s. Data from 4,277 workers was analysed across seven quarters, or around 21 months, and the results confirmed a positive association between employee happiness and production. At both ends of the performance continuum, enjoyment had a subtle but positive influence on performance. On the other hand, happiness had a more noticeable impact at moderate performance levels. Nonetheless, a positive association between contentment and success was found, and this held true across all levels of performance. The study demonstrated a non-linear relationship between happiness and productivity. Also, for every one unit increase in satisfaction, panel data modelling showed that performance increased by 3.41 units on average.

Islam, Rafikul & Ahmed, Selim & Rahman, Mahbubar & Asheq, Ahmed. (2021). Focusing on the private banking market in Bangladesh, this study aims to determine which aspects of service quality—reliability, responsiveness, visibility, staff devotion, and access to service—are most strongly correlated with customer satisfaction. Additionally, the research investigates the relationship between customer satisfaction and loyalty as well as the effect of demographic factors on customer satisfaction. Of the 320 surveys sent to customers of private banks in Bangladesh, 200 (or 62.5% of the total) were deemed legitimate for analysis. We used structural equation modelling (SEM) and confirmatory factor analysis (CFA) to look at the research data. The supplementary findings were also attained using the use of logistic regression and analysis of variance. Unlike reliability and accessibility, which do not seem to have a substantial effect on customer satisfaction with private banking services, transparency, responsiveness, and staff devotion do. Customer satisfaction and loyalty are positively and statistically significantly correlated, according to this study. There is no other demographic variable strongly connected to levels of satisfaction except for respondents' occupation. This research only looked at the private banking sector in Bangladesh, thus its results may not apply to other countries. Value and originality As examined across a number of service quality factors, this examination of private banking customers' views is based on the relationship between eventual loyalty and high levels of pleasure. This study's findings can be useful for private banks in Bangladesh and abroad looking to increase customer happiness and loyalty.

RESEARCH METHODOLOGY

Sources Of Data

To compile all of the relevant data, the researcher has made use of both primary and secondary resources.

Sample size:

A total of 300 participants would be surveyed for the study. The following table shows the range of the investigation's sample size.

Sampling design:

To choose samples that were typical of the whole, the researcher in this study utilised a nonprobability sampling strategy—more precisely, a simple sampling technique. Each of these states has its own set of educational institutions.

Statistical techniques used for analysing the data:

For analysis and interpretation, the collected data was processed, categorised, and tabulated using appropriate statistical procedures. A brief synopsis of the entities is given in the following descriptions- Cross tabulation, percentage, and frequency distribution,

DESCRIPTIVE INTERPRETATION

The assessment was carried out using a 5-point Likert scale, with 1 representing Strongly Disagree and 5 representing Strongly Agree.

1. Openness

Table 1. I am comfortable in interacting among employees

	Public Sector		Private Sector	
	Frequency	Percent	Frequency	Percent
StronglyDisagree	0	0	0	0
Disagree	2	1.3	2	1.3
Neutral	12	8.0	7	4.7
Agree	64	42.7	90	60.0
StronglyAgree	72	48.0	51	34.0
Total	150	100.0	150	100.0

Public Sector Banks: The respondents' comfort level in interacting with bank employees was asked about in the table above. The results of the statistical analysis show that no one strongly disagreed after looking at all of the participants. About 1.3 percent of those who took the survey had a different opinion, and 8 percent were unsure. Nearly half of those who took the survey agreed with the statement, with nearly half strongly agreeing.

Banks operating in the private sector: The results show that 60% of those who took the survey agreed, 1.3% objected, 4.7% were unsure, and no one strongly disagreed. It was unclear what the other respondents thought. Employees relax while interacting with coworkers, according to 34% of those who took the survey.

According to the results of the data research, consumers of private sector banks are more satisfied with the ease with which they may contact with bank employees. Public sector banks should make it a top priority to educate its staff in soft skills. They should strive to be friendlier in all their dealings with other people.

Table 2. My work gets recognition and I receive periodic feedback for my inputs

	Public Sector		Private Sector	
	Frequency	Percent	Frequency	Percent
StronglyDisagree	0	0.0	0.0	0.0
Disagree	3	2.0	21	14.0
Neutral	26	17.3	58	38.7
Agree	77	51.3	23	15.3
StronglyAgree	44	29.3	48	32.0
Total	150	100.0	150	100.0

The following table shows the results of a poll asking public sector bank employees about their experiences with recognition and feedback for their work. Based on the results of our survey, it seems that many people agreed with the assertions made. The exact percentages are as follows: 51.3% agreed and 29.3% strongly agreed. On the other hand, 2% of those who took the survey did not agree, and 17.3% were unsure.

Respondents from private sector banks were asked in the table whether they get frequent feedback on their job and if they feel their work is appreciated. According to the research, fourteen percent of the participants were indifferent, and not a single responder strongly disagreed. More specifically, 38% of those who took the survey were unsure, 15.3% were in agreement, and 32.0% were in strong agreement.

According to the table's statistics, employees of public sector banks are more satisfied with the appreciation and acknowledgment they get on the job. In addition, they are provided with consistent feedback about the impact of their contributions and efforts. When assessing workers and their performance, consistent and timely feedback is essential. Dissatisfaction with one's work situation could result from an absence of such feedback.

Table 3. During crisis or difficult circumstances, I get motivation and moral support from my colleagues

	Public Sector		Private Sector	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	0	0	0	0
Disagree	7	4.7	7	4.7
Neutral	26	17.3	48	32.0
Agree	88	58.7	74	49.3
Strongly Agree	29	19.3	21	14.0
Total	150	100.0	150	100.0

In public sector banks, the purpose of the research was to find out if employees get encouragement and support from their colleagues when things go tough. A comprehensive analysis of the responders is included in the table. Here we can see that 0% of people strongly disagreed, 4% disagreed, 17.3% were unsure, 58.7% agreed, and 19.3% were very much in agreement.

According to the data shown above, private sector bank employees get encouragement and ideas from their colleagues while they are going through tough circumstances. No one who took the survey strongly objected, but 4.7% did not agree either. Thirty-two percent were unsure, fifty-three percent were in agreement, and fourteen percent were in strong agreement.

Most employees at both public and private banks agree, according to the study's results, that when things become tough, they need a little more push from their coworkers. People have always been able to face and overcome life's obstacles with the help of mutual support and collective cooperation.

Table 4. I get all necessary flow of information with clear terms and conditions

	Public Sector		Private Sector	
	Frequency	Percent	Frequency	Percent
StronglyDisagree	0	0	0	0
Disagree	2	1.3	17	11.3
Neutral	35	23.3	41	27.3
Agree	81	54.0	68	45.3
StronglyAgree	32	21.3	24	16.0
Total	150	100.0	150	100.0

The goal of the table was to find out whether the public sector banks provided their customers with all the necessary information with clear terms and conditions. No responders showed substantial disagreement, according to the results of the comprehensive study of the participants. Only around 1.3 percent of those who took the survey didn't agree, while 23.3 percent were unsure. Of those who took the survey, 54% were in agreement with the statement. Only 21.3% of those who took the survey were in full agreement.

The following table asks private sector banks whether their customers get clear and comprehensive information. From the numbers, we can see that nobody strongly disagreed. Of those who took the survey, 11.3% were in disagreement, 27.3% were unsure, 45.3% were in agreement, and 16.0% were in strong agreement.

Employees at both public and private banks have acknowledged getting the necessary information with clear terms and conditions, according to recent research. On the other hand, it seems that public sector bank personnel are happier overall. Financial institutions in the private sector need to be more forthright and honest about this.

2. Confrontation

Table 5. When I face problem to complete the task, I get the accurate and right guidance from my senior colleagues

	Public Sector		Private Sector	
	Frequency	Percent	Frequency	Percent
StronglyDisagree	0	0	0	0
Disagree	8	5.3	16	0.7
Neutral	16	10.7	24	16
Agree	87	58	56	37.3
StronglyAgree	39	26	54	36
Total	150	100	150	100

The following table shows what respondents at public sector banks do when they are stuck on a task. The data in the table show that overall, not a single respondent strongly disagreed. 58% of those who took the survey agreed, while 10.7% were unsure, 5.3% were in disagreement, and 26% were very much in agreement.

Based on the data in the table above, it seems that no one strongly disapproved with private sector banks. A total of 37.3% of those who took the survey agreed, while 10.7% were unsure or didn't agree. The analysis did not include the other responders. Workers have trouble finishing jobs and getting the right kind of help from their superiors, according to 36% of respondents who strongly agreed with this statement.

According to the research, employees in public sector banks report greater levels of satisfaction because they get trustworthy and relevant advice from their senior colleagues when they have difficulties with their tasks. It would be beneficial for private sector banks to be more approachable and helpful in communicating with and advising their employees.

Table 6. My organization culture reflects maturity in how to respond and deal with the unexpected events

	Public Sector		Private Sector	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	22	14.7	0	0
Disagree	24	16.0	6	4.0
Neutral	34	22.7	44	29.3
Agree	50	33.3	87	58.0
Strongly Agree	20	13.3	13	8.7
Total	150	100.0	150	100.0

According to the data in the table, public sector banks have a culture that is mature enough to deal with unexpected challenges. According to the statistics, 14.7 percent of people strongly disagreed, 16.7 percent disagreed, 22.7 percent were unsure, 33.3 percent agreed, and 13.1 percent were very in agreement.

No respondent strongly disagreed, according to Abovetable's research on private sector banks. The organization's culture shows maturity in managing unforeseen situations, according to 4% of respondents who disagreed, 29.3% who were unsure, 58% who agreed, and 8.7% who strongly agreed.

According to the results, employees of private sector banks report better levels of job satisfaction when it comes to dealing with unexpected events if their company culture is more mature. Public sector banks should, therefore, be more level-headed and calm when faced with unexpected challenges.

Table 7. I get the clear direction for training program to confront new challenges and opportunities arise with organizational changes

	Public Sector		Private Sector	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	0	0	0	0
Disagree	18	12.0	4	2.7
Neutral	24	16.0	23	15.3
Agree	60	40.0	77	51.3
Strongly Agree	48	32.0	46	30.7
Total	150	100.0	150	100.0

Public Sector Banks: According to the data in the table, employees get clear instructions on how to use the training programme to tackle the challenges and opportunities that come with organisational changes. According to the results, 12% of those who took the survey disagreed, but no one strongly disagreed. In addition, the following percentages of respondents: 40% agreed, 16% were unsure, and 32% were very much in agreement.

In private sector banks, the table below shows how respondents felt about the clarity of training programme instructions in light of recent organisational changes and the possibilities and challenges they posed to employees. None of the respondents were found to disagree severely, according to the survey, although 2.7% were found to disagree. Also, although 51.3% of people said they agreed and 30.7% said they strongly agreed, 15.3% said they weren't sure either way.

CONCLUSION

Employees' levels of job satisfaction varied, but their designations were considered irrespective of the organisational setting. Officers reported lower levels of pleasure than clerks. Those with master's or doctoral degrees were far more likely to be satisfied with their work environment and their overall job satisfaction than those with bachelor's degrees. Individuals with a postgraduate degree report greater levels of job satisfaction and a more positive view of their organization's culture than those with just a graduate degree.

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